

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6853**

**BILL NUMBER:** HB 1321

**NOTE PREPARED:** Jan 14, 2008

**BILL AMENDED:**

**SUBJECT:** Veterans' jobs tax credit.

**FIRST AUTHOR:** Rep. Crouch

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides a state income tax credit for taxpayers that employ veterans discharged from military service after September 11, 2001. It provides that the credit equals the lesser of 10% of the wages paid to the veteran or \$500. The bill also limits total annual credits to \$1 million.

**Effective Date:** January 1, 2009.

**Explanation of State Expenditures:** *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax credit. The DOR's current level of resources should be sufficient to implement these changes. The January 2, 2008, state vacant position report indicates the DOR has 113 vacant full-time positions.

**Explanation of State Revenues:** *Summary:* This bill creates a new tax credit for taxpayers that employ veterans discharged from military service after September 11, 2001. The bill would reduce Adjusted Gross Income (AGI) Tax, Financial Institutions Tax, and Insurance Premiums Tax revenue from taxpayers employing qualified veterans after December 31, 2008 by a maximum of \$1 M beginning in FY 2010.

*Background:* A taxpayer may qualify for this tax credit if they hire an eligible veteran *after* December 31, 2008 and employ the veteran for at least 185 days during the taxable year. An eligible veteran constitutes a member of the armed forces of the United States or the National Guard who was discharged after September 11, 2001. In FY 2005, there were 39,167 Indiana veterans that had been discharged from service since September 11, 2001. The tax credit is equal to the lesser of 10% of veterans' wages or \$500. Since it is assumed that veterans' annual wages will exceed \$5,000, the \$1 M annual credit allows for a \$500 credit to reach a total of 2,000 veterans.

Revenue from the Corporate AGI Tax, Financial Institutions Tax, and Insurance Premiums Tax is deposited in the state General Fund. Eighty-six percent of the revenue from the Individual AGI Tax is deposited in the state General Fund, and 14% is deposited in the Property Tax Replacement Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** Current Population Survey, United States Census Bureau, 2001-2005.

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